

# The Arroyo Sustainable Economies Community Organization Community Revolving Loan Fund

**The ASECO Community Revolving Loan Fund (CRLF)** seeks to educate, support and empower our local Time Bank community through micro-loans and access to professional development. Supported by philanthropy and donations from the community it serves, this charitable fund supports community revitalization by providing equitable access to resources for members of the Arroyo SECO Network of Time Banks (ASNTB).

The CRLF is funded through the generous support of the Metabolic Studio, a direct charitable activity of the Annenberg Foundation lead by artist and foundation director, Lauren Bon, and by matching funds from the community.

## Meeting People Where They Are

More and more, the mainstream economy offers fewer opportunities for local growth, community enrichment and personal empowerment. By supporting local small business, cottage industry and worker-owned businesses, the CRLF honors our essential interdependence and nurtures human-scale economics in our community.

Time Bank members are enterprising, resourceful and creative. Many members have launched local business, restaurants, co-ops and hand made products such as jams, jewelry, clothing, botanicals and bread. Our fund can provide them with loans to scale up their production, upgrade equipment or purchase materials and supplies. The fund is especially supportive of women and the economically distressed, ventures that promote environmental and/or community sustainability, ventures that show direct and positive impact on the ASNTB community and social entrepreneurs or cooperatives with a social mission.

## How It Works

Eligible time bank members with either a small business or co-op may apply to receive a micro-loan. Loans in the amount of \$500-\$5000 will be considered.

As an experiment in complimentary currency, the loan fund utilizes both federal and time credits. The fund loans federal dollars to ASNTB members with either small businesses or worker owned co-ops. Members repay their loans with federal dollars, but pay associated loan fees for processing in Time Credits. The payment of these fees is calculated in time, or the time it takes to process the loan over the course of its life. As loans are repaid, more funds become available for new borrowers.

Borrowers may also participate in the Local Economy Incubator (LEI), which matches Time Bank entrepreneurs with Time Bank mentors who provide business development expertise in areas such as business plan development, governance, strategy, sustainability, finances, legal, branding, marketing, and media. Borrowers are also promoted throughout the Time Bank network, sharing successes and connecting them to a conscientious consumer base that values seeking goods and services locally.

## Why It Works

In general, micro-lending programs capitalize on social capital because borrowers are more likely to repay their loans when they are accountable to their community. The ASNTB community takes this social capital one step further by honoring a set of core values that includes reciprocity, paying it forward and a deep respect for nurturing interdependence. Participation in the LEI fosters even more community trust and responsibility as we invest our time, resources and belief in tomorrow's small business owners.

We strive to offer our members meaningful opportunities to engage in their community whether as a borrower, a mentor or a supporter. We hope to see today's borrower become tomorrow's mentor and supporter.

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## Eligibility

- Must be an active member of the ASNTB with either a small business or cooperative
- If approved, must establish an account with Permaculture Credit Union (PCU) with a minimum \$50.00 balance
- Loan applicants must be at least 18 years old
- Completed ASECO CRLF Application (business/co-op description, statement of need, anticipated impact of loan on borrower, business plan (if available), and financials that demonstrate cash flow and repayment strategy)
- Funds can be used for expansion, equipment or machinery, furniture or fixtures and repairs or improvements. Funds cannot be used for operating expenses (i.e. rent, salaries, etc.) or to refinance existing debt.
- Written explanation/proposal for use of funds will be required with repayment strategies, implementation and goals outlined. More in-depth business plan may be required depending on the size of the request.
- Depending on size of request and borrower needs, borrower may be required to participate in professional development program (The Local Economy Incubator) to receive support in the areas of business plan development, governance, strategy, sustainability, finances, legal, branding, marketing, and media from a team of community mentors
- Exit interview to document outcomes is required

## Loan Terms

- Applications accepted quarterly (Jan, Apr, Jul, Oct) and on an emergency basis
- Loan are available in the amounts of \$500 to \$5,000
- Short-term and long-term loans are available but must be paid back within 36 months. Applicants must propose a payment schedule that works for them within that time frame.
- Interest rate is currently at a 6.00% fixed rate, amortized over the life of the loan
- Loans must be activated within 45 days of notification
- Optional 60-day grace period before repayment schedule begins
- No penalty for early repayment
- No federal dollar application fee; 3 Time Credits required at time of loan request to compensate review team for the time it takes to assess, review, determine outcome and initial processing
- Approval and terms are based on the application submitted by the applicant, financial history and interview (if needed) from the ASECO CRLF Loan Manager. The Fund Administrator prescreens all applicants. The Peer Review Team approves all applicants, then the Loan Manager refers them to Permaculture Credit Union. Additional information might be requested on an individual basis.
- Approved borrowers must serve on at least one future Peer Review Panel
- Business owners may apply for additional financing if initial loan(s) are paid off or in good standing after one year
- All applications and financial information provided as part of this loan process are confidential
- In the event of default (120 days past due) a repayment schedule of some sort must be set up with ASECO CRLF, unless the default is caused by dire circumstances
- ASECO and partnering credit union reserve the right to deny a loan application at any time, for any reason
- ASECO conducts its business with the highest moral and ethical standards - discrimination because of race, sex, color, national origin, physical or mental disability, religion, sexual orientation or age is strictly prohibited under any circumstances

To receive more information about this program, email [asecolocaleconomy@gmail.com](mailto:asecolocaleconomy@gmail.com)